

Message Text

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PASS COMMERCE FOR ASSISTANT SECRETARY WEIL

E.O. 11652: NA
TAGS: BEXP, ETRD, JA, US
SUBJECT: TRADE FACILITATION COMMITTEE: CASE NO. 5--
AMERICAN TOBACCO INSTITUTE

REF: TOKYO 2422

1. SUMMARY: EMBASSY HAS RECEIVED SUPPLEMENTAL RESPONSE TO CASE NO 5 RAISED UNDER ITEM ONE OF THE TRADE FACILITATION COMMITTEE (TFC) TERMS OF REFERENCE. LETTER CONTAINS SOME INFORMATION NOT PROVIDED IN ORIGINAL RESPONSES.
END SUMMARY.

2. GOJ CO-CHAIRMAN OF TFC TOKYO GROUP (HANAOKA) HAS SENT SUPPLEMENTAL RESPONSE TO LETTER FROM U.S. CO-CHAIRMAN (BUTTON) REGARDING TFC CASE NO. 5, WHICH INVOLVED THE EFFORTS BY AMERICAN TOBACCO INSTITUTE TO OBTAIN RELIEF FROM RIGOROUS RESTRICTIONS MAINTAINED BY JAPAN TOBACCO AND SALT PUBLIC CORPORATION ON IMPORT AND MARKETING OF U.S.-MADE CIGARETTES IN JAPAN. LETTER NOTES THAT PERMISSION FOR RETAIL SHOP WITH DEMAND FOR FOREIGN CIGARETTES IN EXCESS OF 30 CARTONS MONTHLY TO SELL IMPORTED TOBACCO IS GRANTED ALMOST AUTOMATICALLY, AND 122 APPLICATIONS WERE
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 TOKYO 10094 050946Z

APPROVED IN 1977 OUT OF 136 RECEIVED.

3. BEGIN TEXT: DEAR MR. BUTTON, AS CO-CHAIRMAN OF THE TOKYO GROUP OF THE JOINT U.S.-JAPAN TRADE FACILITATION COMMITTEE, I HAVE THE PLEASURE TO GIVE YOU FURTHER COMMENTS ON THE IMPORTATION OF U.S. MANUFACTURED CIGARETTES INTO JAPAN WHICH I HAVE ALREADY COMMENTED ON IN MY LETTER DATED APRIL 10 (TFC CASE NO. 5).

(PARA) WITH REGARD TO LIMITATIONS ON THE DISTRIBUTION OF U.S. MANUFACTURED CIGARETTES TO RETAIL OUTLETS, MAY I DRAW YOUR ATTENTION TO THESE POINTS.

(PARA) WHEN A TOBACCO SHOP APPLIES FOR PERMISSION TO SELL IMPORTED TOBACCO, THE JAPAN TOBACCO AND SALT PUBLIC CORPORATION WILL PERMIT THE APPLICATION IF THE SHOP IN QUESTION IS EXPECTED TO SELL MORE THAN THIRTY CARTONS OF ALL THE BRANDS OF IMPORTED TOBACCO PER MONTH. THE REASONS WHY THE EXPECTATION OF SALES OF A CERTAIN QUANTITY IS REGARDED AS THE STANDARD FOR PERMISSION ARE AS FOLLOWS:

1. IN JAPAN, AS THE JAPAN TOBACCO AND SALT PUBLIC CORPORATION DISTRIBUTES BOTH ITS OWN PRODUCTS AND IMPORTED ONES BY ITS OWN EXPENSE UNDER ITS MONOPOLY SYSTEM, ITS DISTRIBUTION COSTS WOULD BE UNNECESSARILY HIGH IF THE CORPORATION DISTRIBUTED TOBACCO TO A SHOP WHERE THE DEMAND FOR TOABCCO IS LOW.

2. IF THE CORPORATION PERMITTED SALES OF TOBACCO TO A SHOP WHERE THE DEMAND IS LOW, IT WOULD BE POSSIBLE FOR THE SHOP TO HAVE A DEAD STOCK OF TOBACCO WHICH WOULD RESULT IN THE DETERIORATION OF TOBACCO AND THEREBY MAKE IT IMPOSSIBLE NOT ONLY FOR THE RETAILER BUT FOR MANU-
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PAGE 03 TOKYO 10094 050946Z

FACTURERS TO MAINTAIN A REPUTATION FOR QUALITY. FURTHER-
MORE, THE SALES OF DETERIORATED TOBACCO WOULD SERIOUSLY AFFECT THE RELIABILITY OF THE CORPORATION IN THE EYES OF THE PUBLIC.

(PARA) THE STANDARD FOR PERMISSION OF MONTHLY SALES OF MORE THAN THIRTY CARTONS IS NOT THOUGHT TO BE SEVERE. FURTHERMORE, 122 TOBACCO SHOPS HAVE BEEN GIVEN PERMISSION TO SELL IMPORTED TOBACCO OUT OF 136 APPLICANTS, FROM TOBACCO RETAILERS IN THE TOKYO, OSAKA AND NAGOYA AREAS IN 1977. FROM THIS, IT CAN BE SAID THAT PERMISSION FOR SHOPS TO SELL IMPORTED TOBACCO IS GIVEN ALMOST AUTOMATICALLY. (SIGNED S. HANAOKA, DEPUTY DIRECTOR-GENERAL, INTERNATIONAL TRADE POLICY BUREAU, MITI.) END TEXT.
MANSFIELD

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